GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:74
ANSWERED ON:04.03.2005
PRIVATE INVESTMENT IN POWER SECTOR
Hegde Shri Anant Kumar

Will the Minister of POWER be pleased to state:

(a) whether the Government propose to formulate a scheme to increase private investments in power sector;

(b) if so, the details thereof;

(c) whether any target has been fixed by the Government in this regard; and

(d) if so, the details thereof?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO.74 TO BE ANSWERED IN THE LOK SABHA ON 04.03.2005 REGARDING PRIVATE INVESTMENT IN POWER SECTOR.

(a) & (b): The National Common Minimum Programme has reiterated the commitment of the Government to an increased role for private generation of power and more importantly, in power distribution. From time to time, Government has taken several measures to increase private investment in the power sector. Also, 100% Foreign Direct Investment has been permitted in projects for electricity generation, transmission and distribution.

The Electricity Act, 2003 which has come into effect from 10th June, 2003 contains several measures to attract private investment in the power sector. Government has also initiated the process of reforms and re-structuring of power sector which would improve the finances of the power utilities thereby attracting private investments.

Under the Act, thermal generation has been fully delicensed and captive generation has been freely permitted.

Under the provisions of the Act, open access in transmission has been introduced to promote competition amongst the generating companies who can now sell to different distribution licensees across the country. Guidelines for competitive bidding for procurement of power by distribution licensees under the Electricity Act, 2003 have been issued.

Government has also been assisting the private sector power projects in achieving financial closure. Encouraged by the provisions of the Electricity Act, 2003, the financial institutions have conveyed that there would be no dearth of funds for viable projects with reasonable tariffs implemented by promoters having credible background. An Inter-Institutional Group (IIG) comprising senior representatives from the financial institutions as well as from the Ministry of Power, has been instrumental in facilitating financial closure of 11 private power projects having a total capacity of over 4000 MW in the last one year.

(c) & (d) : In the 10th Five Year Plan, a total capacity addition of 7121 MW has been targeted from private sector. Out of this, 718 MW capacity has so far been commissioned and 13 projects with a total capacity of about 5800 MW are under execution. Further, the IIG is presently facilitating financial closure of 8 projects of about 10,000 MW capacity.